



**Carlos Jackson**  
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**Gloria Molina**  
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**Zev Yaroslavsky**  
**Don Knabe**  
**Michael D. Antonovich**  
Commissioners

August 7, 2007

Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVAL OF ALLOCATION OF CITY OF INDUSTRY  
REDEVELOPMENT HOUSING SET-ASIDE FUNDS (2)  
(3 Vote)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that the James M. Woods SRO project is exempt from the provisions of CEQA, as described herein, because the project does not have the potential for causing a significant effect on the environment.
2. Approve a loan to Single Room Occupancy Housing Corporation (Developer) using City of Industry Redevelopment Housing Set-Aside Funds (Industry Funds) in a total amount of up to \$1,957,000 for the development of a special needs housing development, which has been selected through a Notice Of Funding Availability (NOFA) jointly issued by the Housing Authority and the Community Development Commission of the County of Los Angeles (Commission) on January 2, 2007.
3. Authorize the Executive Director to negotiate a Loan Agreement with the Developer, for the purpose described above, and to execute the Loan Agreement and all related documents, including documents to subordinate the loan to permitted construction and permanent financing and any intergovernmental, interagency, or inter-creditor agreements necessary for the implementation of the development, following approval as to form by County Counsel.

4. Authorize the Executive Director to execute amendments to the Loan Agreement and any related documents, as may be necessary for the implementation of the development, following approval as to form by County Counsel.

**PURPOSE /JUSTIFICATION OF RECOMMENDED ACTION:**

The purpose of this action is to approve the allocation of Industry Funds to a development that will provide 52 units of affordable special needs rental housing within a 15-mile radius of the City of Industry.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund.

The Housing Authority is recommending a loan to the Developer in a total amount up to \$1,957,000 to construct the development. Funds for this loan will be incorporated into the Housing Authority's budget on an as-needed basis in the current and upcoming fiscal years.

The final loan amount will be determined following completion of negotiations with the Developer and arrangements with other involved lenders. The loan will be evidenced by a promissory note and secured by a deed of trust, with the term of affordability enforced by a recorded Covenants, Conditions and Restrictions document.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

Industry Funds consist of tax increment funds collected by the City of Industry's Redevelopment Agency that have been transferred to the Housing Authority to administer for the development of low- and moderate-income housing. On June 2, 1998, your Board adopted an Allocation and Distribution Plan for the disbursement of Industry Funds in incorporated and unincorporated areas within a 15-mile radius of the City of Industry.

A Notice Of Funding Availability (NOFA) was jointly issued by the Housing Authority and the Commission on January 2, 2007, making available approximately \$21,000,000 of Industry Funds and \$21,000,000 of County HOME Investment Partnerships Program (HOME) funds for the development of affordable rental housing. Fourteen projects were approved by your Board on July 3, 2007, and an additional project was approved on July 10, 2007. The current project was included in the July 3 Board Letter, but it was continued to August 7, 2007, at the request of Supervisor Molina. Funding

recommendations for two remaining projects will be presented to your Board at a later date, after environmental reviews are completed.

A Loan Agreement for the current project will be executed by the Executive Director, following completion of negotiations and approval as to form by County Counsel. The Loan Agreement will incorporate affordability restrictions and provisions requiring the Developer to comply with all applicable federal, state, and local laws.

The Developer, a nonprofit housing developer, will rehabilitate the James M. Wood SRO Apartments at 408 E. Fifth Street and 506 S. San Julian Street, in the City of Los Angeles. The project will provide 52 affordable single room occupancy units for persons with mental illness whose incomes do not exceed forty percent of the Area Median Income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as established by the U.S. Department of Housing and Urban Development (HUD), for a period of 55 years. Thirty-one of the units will be City of Industry-assisted units.

This letter has been reviewed by County Counsel.

**ENVIRONMENTAL DOCUMENTATION:**

The James Wood SRO project is exempt from the provisions of CEQA pursuant to California Public Resources Code Chapter 4.5, Article 6, Section 21159.24 because the project meets all of the criteria to qualify for the infill housing exemption.

**IMPACT ON CURRENT PROGRAM:**

The recommended allocation of Industry Funds totaling up to \$1,957,000 for the project will leverage more than \$12,000,000 in additional external resources, more than six times the amount of Industry Funds being recommended for allocation. The requested action will increase the supply of affordable special needs housing in the County.

Respectfully submitted,



CARLOS JACKSON  
Executive Director

CJ:CBB